

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 ERDA-05 CEA-01

FEAE-00 FPC-01 INT-05 SAM-01 OES-03 STR-01 AGR-05

COA-01 /121 W

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R 201000Z FEB 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0278

INFO AMEMBASSY BRUSSELS

AMCONSUL DHAHRAN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 1216

E.O.: 11652: GDS

TAGS: USSAEC, EAID, JA, US, SA

SUBJ: JAPANESE TECHNICAL COOPERATION AGREEMENT: WILL IT
BE SIGNED?

BEGIN SUMMARY: FOLLOWING SIGNATURE OF THE U.S./SAUDI
TECHNICAL COOPERATION AGREEMENT, POSSIBILITY EXISTS THAT
JAPANESE WILL BE NEXT TO SIGN SUCH AN AGREEMENT WITH
SAUDIS. THEIR AGREEMENT WILL NOT BE OF SAME CALIBER
NOR HAVE THE SAME IMPACT AS U.S. AGREEMENT. END SUMMARY.

1. NEWS REPORTS IN PAST FEW DAYS CONFIRM THAT PRESIDENT
OF CENTRAL PLANNING ORGANIZATION HISHAM NAZER IS EXPECTING
TO SIGN A JOINT TECHNICAL COOPERATION AGREEMENT WITH THE
GOVERNMENT OF JAPAN DURING HIS TRIP TO TOKYO IN THE FINAL
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WEEK OF FEBRUARY. JAPANESE EMBASSY SOURCES ARE LESS

CERTAIN THAT AGREEMENT CAN BE REACHED WITH THE SAUDIS.

2. JAPANESE EMBASSY FIRST SECRETARY OHARA INFORMED ECONOMIC COUNSELOR FEB 18 THAT ESSENCE OF PROBLEM IN SAUDI DRAFT OF THE AGREEMENT (ALREADY APPROVED BY COUNCIL OF MINISTERS) IS THAT NAZER HAS SOUGHT TO BIND GOJ TO ORGANIZE JOINT VENTURES BETWEEN JAPANESE FIRMS AND THE SAUDIS. DRAFT AGREEMENT STATES THAT GOJ WILL DO THIS BY ACUTAL ESTABLISHMENT OF SUCH JOINT VENTURES, NOT JUST THEIR ENCOURAGEMENT. ALL ATTEMPTS BY JAPANESE TO INSERT WORDS INDICATING THAT GOJ WOULD ONLY ENCOURAGE PRIVATE COMPANIES TO WORK IN SAUDI ARABIA HAVE FAILED. NAZER WISHES BINDING COMMITMENT.

3. AGREEMENT CALLS FOR COOPERATION IN ALL FIELDS SPECIFICALLY NAMING PETROLEUM, PETROCHEMICALS, AGRICULTURE, IRRIGATION, FISHERIES, AND MEDICAL. TRAINING AND SCIENTIFIC COOPERATION IN RESEARCH FACILITIES IS ALSO PROVIDED FOR. MOST FAVORED NATION TREATMENT IS OFFERED IN PRIVILEGES AND IMMUNITIES. SAUDIS PLEDGE TO PROVIDE NECESSARY SERVICES AND FAICILITIES INCLUDING OFFICES AND LOCAL STAFF PLUS SAUDI COUNTERPART PERSONNEL. A JOINT COMMITTEE IS CALLED FOR TO ADMINISTER THE AGREEMENT, MEETING PERIODICALLY. OTHER DIFFICULTY IN AGREEMENT SO FAR AS TOKYO IS CONCERNED RELATES TO LANGUAGE CALLING FOR THE TWO GOVERNMENTS TO SIMPLY "ADOPT" THE DECISIONS OF THE COMMITTEE.

4. AGREEMENT ALSO CALLS FOR GOJ TO ENCOURAGE INVESTMENT OF JAPANESE CAPITAL IN THE KINGDOM. AGREEMENT WOULD RUN FOR FIVE YEARS WITH SIX MONTHS ADVANCE NOTICE TO TERMINATE IT.

5. NAZER HAS CONSISTENTLY SAID THAT SAUDIS SHOULD HAVE LIMITED NUMBER OF SUCH AGREEMENTS, PROBABLY ONLY THREE OR FOUR. EMBASSY BELIEVES THAT IT IS NOT UNLIKELY THAT DURING HIS VISIT TO TOKYO, NAZER WILL ATTEMPT TO FIND A FORMULA AND GO AHEAD WITH SIGNATURE AT THAT IME. SUCCESS WILL HINGE ON FLEXIBILITY JAPANESE SHOW IN NEGOTIATIONS.

6. COMMENT: EVEN IF SIGNED, IT DOES NOT SEEM LIKELY THT THIS AGREEMENT WITH JAPAN COULD HAVE THE SAME BROAD SIGN-CONFIDENTIAL

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IFICANCE FOR SAUDI DEVELOPMENT WHICH IS POSSIBLE UNDER THE U.S. SAUDI AGREEMENT.
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